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**STATE OF IOWA
LEGISLATIVE FISCAL BUREAU**

State Capitol
Des Moines, Iowa
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MEMORANDUM



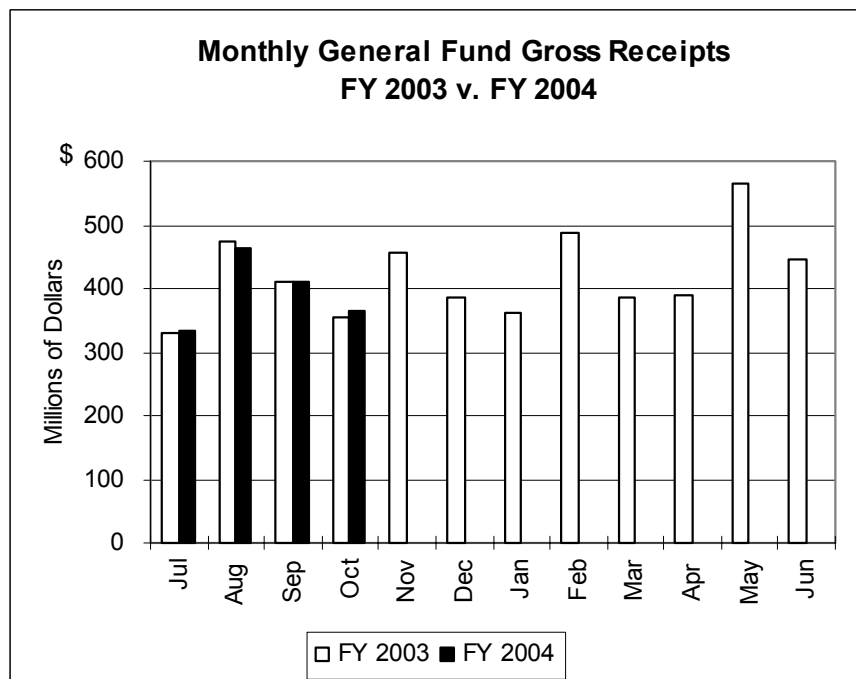
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: November 3, 2003

Monthly General Fund Receipts through October 31, 2003

The attached spreadsheet presents total FY 2004 monthly General Fund receipts, with comparable figures for actual FY 2003. The figures can be compared to the FY 2004 estimate (\$5.108 billion) set by the Revenue Estimating Conference (REC) on October 10, 2003. The estimate represents an increase of \$61.2 million (1.2%) compared to actual FY 2003 gross cash receipts (excluding transfers). A date for the next Revenue Estimating Conference has not been established.



FY 2004 Compared to FY 2003

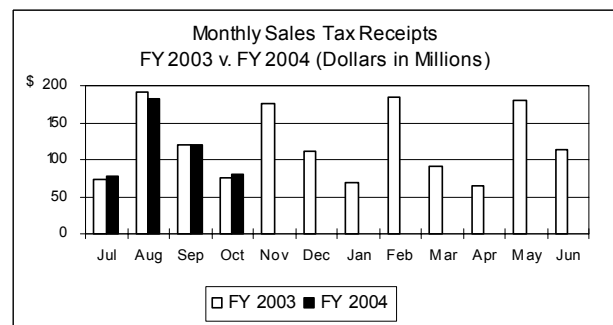
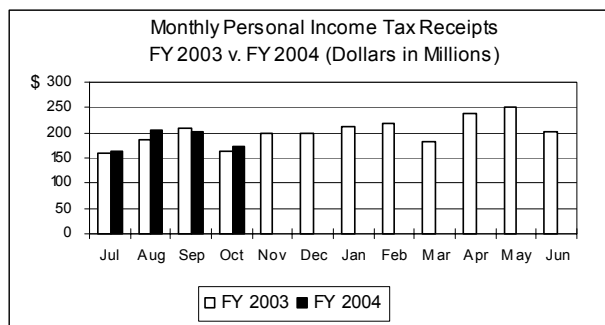
Year-to-date FY 2004 total gross revenues (excluding transfers) increased \$1.2 million (0.1%) compared to the same time period of FY 2003. Major revenue sources contributing to the change include:

- Personal income tax (positive \$26.4 million)
- Sales & use tax (negative \$0.4 million)
- Corporate tax payments (negative \$18.7 million)
- Other taxes (negative \$1.4 million)
- Other receipts (negative \$4.6 million)

Personal income tax revenues received in October totaled \$171.8 million, an increase of \$10.0 million (6.2%) compared to October 2002.

The FY 2004 REC income tax estimate of \$2.489 billion represents a projected increase of 3.0% compared to actual FY 2003. The year-to-date change in personal income tax receipts is 3.7%. Withholding tax payments and payments with returns are up year-to-date, while estimate payments are down 4.1%.

The following Chart compares FY 2004 monthly personal income tax receipts from the three personal income tax sub-categories with FY 2003.



Sales tax receipts received in October totaled \$81.1 million, an increase of \$4.6 million (5.9%) compared to October 2002.

The REC estimate for FY 2004 sales tax receipts is \$1.450 billion, no change compared to actual FY 2003. The year-to-date growth in sales tax receipts is 0.5%.

The preceding Chart compares FY 2004 monthly sales tax receipts with FY 2003.

Use tax receipts received in October totaled \$24.4 million, a decrease of \$4.2 million (- 14.6%) compared to October 2002.

The REC estimate for FY 2004 use tax receipts is \$254.2 million, no change compared to the FY 2003 level. The year-to-date growth in use tax receipts is negative 2.7%.

Corporate tax receipts received in October totaled \$19.5 million, a \$3.7 million decrease (- 16.0%) compared to October 2002. The REC estimate for FY 2004 corporate tax receipts is \$222.1 million, which represents a decrease of 6.3% compared to actual FY 2003. The year-to-date growth in corporate use tax receipts is negative 24.3%.

Other tax receipts received in October totaled \$24.8 million, a \$0.3 million (1.4%) increase compared to actual FY 2003. Franchise and cigarette tax receipts were up for the month.

The REC estimate for FY 2004 receipts from other taxes is \$349.2 million, which represents a decrease of 7.2% compared to actual FY 2003. The year-to-date growth in other taxes is negative 1.7%.

Other receipts (non-tax receipts) received in October totaled \$42.5 million, a \$1.1 million (2.7%) increase compared to actual FY 2003. Fees, gambling, and miscellaneous receipts were up, while institutional payments and interest revenue were down.

The REC estimate for FY 2004 other receipts is \$343.1 million, which represents an increase of 10.1% compared to actual FY 2003. The year-to-date growth in other receipts is negative 3.3%.

Status of the Economy

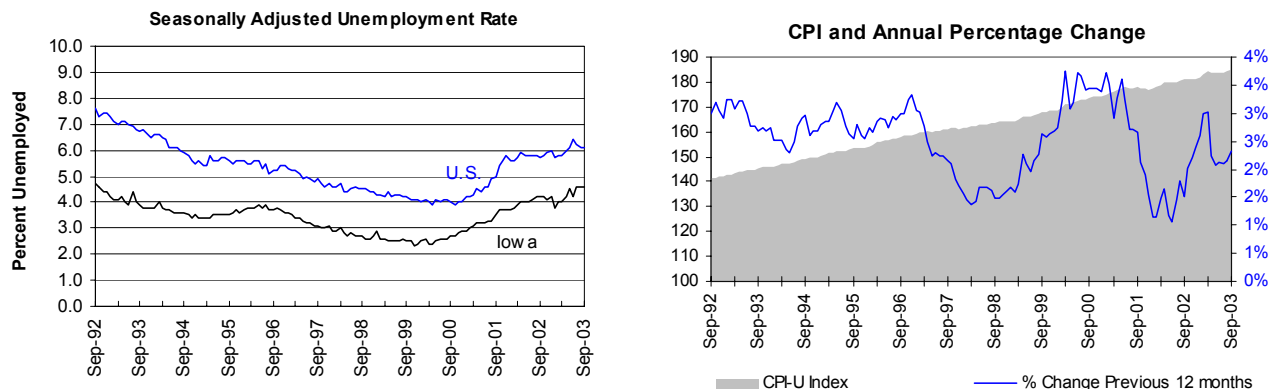
The September seasonally adjusted Iowa civilian unemployment rate was 4.6%, unchanged from the August 2003 level. The Iowa unemployment rate for September 2002 was 4.2%. Iowa's total adjusted September 2003 employment registered at 1,547,500, down 59,800 from last year's level. The number of unemployed persons in Iowa was reported at 74,000 in September, an increase of 4,300 compared to September 2002.

The seasonally adjusted employment numbers for 2003 and prior years are due to be revised (benchmarked) in January. It is quite possible the large employment drop shown in current numbers will disappear when the benchmarking procedure is complete.

The U.S. unemployment rate in September was 6.1%, 1.5 percentage points above the Iowa rate. The U.S. rate one year ago was 5.7%.

Consumer prices increased 0.33% during the month of September (not seasonally adjusted). The Consumer Price Index (CPI-U) through September 2003 was 185.2 (1983/84=100), 2.3% higher than one year ago.

The following charts illustrate Consumer Price Index and U.S./Iowa unemployment comparisons through September.



Information related to State General Fund receipts is available on the Legislative Fiscal Bureau's web site at: <http://staffweb.legis.state.ia.us/lfb/revdebt.htm>.

GENERAL FUND RECEIPTS - FY 2003 vs. FY 2004 July 1 through October 31, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 03 Actual Compared to FY 04 REC Estimate		
	FY 2003	FY 2004	Year to Date % CHANGE	October % CHANGE	Actual FY 2003	Estimate FY 2004	Projected % CHANGE
Personal Income Tax	\$ 716.2	\$ 742.5	3.7%	6.2%	\$ 2,417.6	\$ 2,489.0	3.0%
Sales Tax	459.0	461.1	0.5%	5.9%	1,450.3	1,450.3	0.0%
Use Tax	89.7	87.3	-2.7%	-14.6%	254.2	254.2	0.0%
Corporate Income Tax	76.4	57.8	-24.3%	-16.0%	237.0	222.1	-6.3%
Inheritance Tax	32.5	28.6	-12.0%	-4.8%	88.1	73.1	-17.0%
Insurance Premium Tax	0.7	5.3	657.1%	152.2%	142.2	130.0	-8.6%
Cigarette Tax	30.5	29.7	-2.6%	16.4%	88.1	88.1	0.0%
Tobacco Tax	2.6	2.7	3.8%	1.7%	7.4	7.0	-5.4%
Beer Tax	5.2	5.2	0.0%	2.2%	13.9	14.3	2.9%
Franchise Tax	9.9	11.7	18.2%	93.0%	35.3	35.2	-0.3%
Miscellaneous Tax	5.7	2.3	-59.6%	-54.5%	1.1	1.5	36.4%
Total Special Taxes	\$ 1,428.4	\$ 1,434.2	0.4%	2.2%	\$ 4,735.2	\$ 4,764.8	0.6%
Institutional Payments	7.3	4.0	-45.2%	-51.1%	16.2	14.9	-8.0%
Liquor Transfers - Profits	12.0	12.0	0.0%	0.0%	40.0	42.0	5.0%
Liquor Transfers - 7% Revenues	3.0	3.0	0.0%	0.0%	9.0	9.0	0.0%
Interest	8.8	1.9	-78.4%	-76.4%	18.1	12.0	-33.7%
Fees	24.4	25.2	3.3%	17.2%	72.1	66.7	-7.5%
Judicial Revenue	13.1	13.7	4.6%	3.5%	54.7	57.3	4.8%
Miscellaneous Receipts	15.1	15.3	1.3%	37.0%	41.4	81.2	96.1%
Racing and Gaming Receipts	56.0	60.0	7.1%	4.4%	60.0	60.0	0.0%
TOTAL GROSS RECEIPTS	\$ 1,568.1	\$ 1,569.3	0.1%	2.3%	\$ 5,046.7	\$ 5,107.9	1.2%